

Editors Fired For Refusing McGoff Edict

New York Times News Service

LANSING, Mich. — John P. McGoff, who heads companies that publish eight daily newspapers and more than 40 weeklies in several states, has discharged two of his Michigan editors after they failed to obey orders to run provocative articles that were highly critical of President Carter.

One of the articles said the President condoned promiscuity among members of his staff. The other suggested he was grooming his wife, Rosalynn, to be a future vice president.

They were written by George Bernard, New York bureau chief for McGoff's Panax newspaper chain, and were distributed to his newspapers two weeks ago along with a front-office memorandum labeling them "explosive" and urging that they be given front-page display.

A number of McGoff's editors followed orders last week and gave prominent display to the two articles written by Bernard, a 38-year-old former writer for the National Enquirer and more recently a public information officer for CBS Radio News.

TWO WHO BALKED, however, were Robert N. Skuggen, 34, editor of Mining Journal, a 19,000-circulation daily in Marquette, Mich., and David A. Rood, 51, editor of the Escanaba Daily Press, which has a circulation of 11,000.

Rood, dismissed last Monday, said later that the material in Bernard's articles "was taken out of context and was full of half-truths, insinuations and every other innuendo you can think of."

Skuggen, who was notified June 19 that his undated resignation had been accepted, said, "That type of journalism I can't stomach. I wouldn't be able to shave in the morning."

Both editors had won journalism awards in recent Michigan news writing contests, and both were well respected in state press circles.

McGoff, 52, acknowledged as much later this week but said they were discharged because they had ignored his orders. He described his action as "one that any good leader should exercise."

(Panax this year acquired the Globe-Advertiser weekly publications in suburban Washington. The Globe ran both stories on June 9, while the Advertiser ran only the one about Mrs. Carter on June 8.)

ington dateline and began: President James Earl Carter condones promiscuity, affairs with other women — for the male staffers who work for him."

The contention was based on a "leak to Panax newspapers" from Peter Bourne, who, according to Bernard's article, is "a psychiatrist who is on the administration's payroll to make Jimmy Carter look good."

In Washington, Bourne, a special assistant to the President for mental health and drug abuse, said, "I can't recall saying anything to anybody about that subject."

THE SECOND ARTICLE quoted a New York psychologist, William Van Precht, as saying that Carter was giving his wife "inordinate power" and "has in mind a hidden objective."

Van Precht was further quoted as saying, "My careful analysis says that Jimmy Carter is grooming wife Rosalynn for the vice presidency in 1984. And if Walter Mondale's health does not hold out through the ominous year of 'Big Brother,' Carter will push his bride to become the president of the United States."

Bernard worked for five years in the 1960s for the National Enquirer, a tabloid dealing with celebrities and sensational topics.

Bernard later worked for CBS Radio News as manager of press services, leaving in 1972.

FOI & THE PRESS

WASHINGTON STAR

JUN 27 1977

LE
JF
WS / AG / MC /
JD / ZW
RD
SP
ENFA

File

6,768 6,807
967 950
1243
cr942 802
-41,071 813
7,498 7,083
249 398
6,179 7,498
\$82.69 \$2.04
98,034 398,034
1974, \$481,106
not restricted.
Machinery Co.
Deines & Bak-
turing the year

(\$000 omitted):
76 1975
41 1,231
39 4,132
15,662
28 235
22,446
4,282
212
417
27,357
633
3,121
2 144
1,784
5,682
7,835
398

7,264
6,179
27,357
16,764
\$33.73
3,997
Consolidated.
Dec. 31, 1976,
annually with
prime interest
dividends on
net earnings
sufficient to main-
tain \$10,000,000.
retained earn-

Dec. 31, 1978 with
a rate which
is prime rate,
of the dif-
ference the amount
contained the
loan.
\$100,000.
Dec. 31, 1976, \$1-
loans payable
annually.

Notes outstanding
at \$1.
par Jan. 23,
no par to \$10
\$1 in Apr. 1970
(see Moody's
106,600 shares
note per share.
See term loan
1934—in \$):

1937--- 2.75
1940--- 3.00
1945--- 2.50
1948-49 1.60
1954--- 0.40

1961--- nil
1965--- 0.90
1976--- 1.00
r to subscription
ends: 1949, 15%;
D DISBURSING
Bank of Hampden
& Trust Co.,

thru exchange of 1/3 new Co. 6% non-cum.
2nd. pfd. sh. for each Wespak com. sh.
In 1973, formed Packaging Systems Interna-
tional, Inc.
Business: Co. produces printed fabric labels,
informative and identification tags, sales
promotion specialties, and designs and manu-
factures earded visual packaging.
Property: Co. leases 10,000 sq. ft. in Pearl
River, N. Y.; 75,000 sq. ft. in Sayre, Pa.,
and owns 154,000 sq. ft. in Orangeburg, N. Y.
Subsidiaries: Packaging Lithographers, Inc.;
Label Processing Corp.; Wespak Packaging
Corp.; Packaging Systems International, Inc.;
Fasco Coated Products, Inc.

Officers

Leon Hershaft, Chmn.
Arthur Hershaft, Pres.
Vice-Presidents
Barry Hershaft William Macfarlane
Charles Hovsepian Fred Hershaft
Robert Schwager Donald Pace
Harriet Turim Victor Hershaft
Walter Kropf
Bruce Hagen, Treas. & Sec.

Directors

Barry Hershaft
Jack Becker
Michael De Sisti
Meivin Rubinstein
Leon Hershaft
Arthur Hershaft
Fred Hershaft
R. L. Sind
Bruce Hagen

Auditors: Grossman, Brozman & Agrin.

General Counsel: Snow & Becker.

Annual Meeting: In June.

No. of Employees: Dec. 31, 1976, 446.

No. of Stockholders: Dec. 31, 1976: Pre-
ferred, 4; common, 545.

Executive Office: 275 No. Middletown Rd.
Pearl River, NY 10965. Tel.: (914) 735-9200.

Consol. Income Acct., yrs. ended Dec. 31

(\$000 omitted):	1976	1975	1974
Net sales	18,147	12,277	13,206
Cost of sales	13,269	8,795	9,364
Sell., etc. exp.	3,220	2,642	2,423
Interest	213	197	290
Income taxes	704	316	553
Extraord. items	741	327	610
Net income	2,213	1,886	1,276
Prev. ret. earn.	200	---	---
Divs. (stk.)	2,754	2,213	1,886
Retain. earn.	\$1.53	\$0.67	\$1.25
Earn., com. sh.	487,651	426,500	409,186
Yr. end com. shs.	484,500 (1975 & 1974, 487,500) aver. com.		
& com. equiv. shs. adj. for 10% stk. div.	12/76. 2) After \$335,000 (1975, \$320,000; 1974,		
\$294,000) depree. & amort. 3) Tax credit from			
sub. loss carryfwd. 4) \$1.18 before extraord.			
item.			

Consolidated Balance Sheet, as of Dec. 31

(\$000 omitted):	1976	1975	1974
Assets:			
Cash	369	153	376
Receiv., net	2,025	1,895	1,305
Inventories	2,363	1,473	1,487
Oth. curr. assets	349	286	152
Total current	5,106	3,807	3,410
Prop., etc. net	4,302	3,472	3,485
Other assets	245	26	18
Total	9,653	7,305	6,913
Liabilities:			
Notes, etc. pay.	119	118	114
Accts., etc. pay.	1,997	1,661	1,067
Income taxes	455	119	296
Total current	2,571	1,898	1,477
Long term debt.	2,754	1,870	2,258
Def. inc. taxes	284	233	201
5% pfd. stk. (\$100)	162	187	187
6% ev. pfd. stk.	---	16	34
(E1)	---	43	41
Com. stk. (\$0.10)	48	845	829
Capital surplus	1,080	2,213	1,886
Retain. earn.	2,754	2,213	1,886
Total	9,653	7,305	6,913
Net curr. assets	2,535	1,909	1,933
(Depree., etc.)	1,470	1,304	1,202
At lower of cost (fifo) or mkt.			

Long Term Debt: Outstg. Dec. 31, 1976, \$2,-

873,216 comprised of:

(1) \$725,000 under revolving loan due 1978,

secured by accounts receivable, inventories

and certain equipment.

(2) \$740,000 note payable 2 1/2% above prime

rate payable monthly thru 1983.

(3) \$1,245,682 9 1/2% mtges. payable quarterly

thru 1996.

(4) \$43,334 other debt.

Capital Stock 1. 5% Non-Cumulative pref;

par \$100:

Auth., 3,000 shs.; outstg., Dec. 31, 1976, 1,620

shs., par \$100.

shs., par \$0.10.
Has one vote per sh.; no preemptive rights.
Paid Stk. Divs.: 1976, 10%; July 8, 1977, 5%.
Transfer Agent and Registrar—National
21, 1969 thru Arnold, Wilkins & Co.
Nasdaq Symbol: PAKS.
Price Range: 1976 1975 1974 1973 1972
High----- 5 1/2 4 3/4 3 1/4 5 1/2 6 1/4
Low----- 2 1 3/4 2 2 1/2 3 1/4
Preferred Retired: In 1976 Co. retired 16,626
shs. of 6% non-cumulative second convertible
preferred stock thru conversion of 6,729 shs.
into 6,729 common shs. and balance of 9,897
shs. redeemed at par value.

PANAX CORP.

History: Incorporated in Del. Jan. 12, 1972,
succeeding Del. company incorporated in
Aug. 1969 to acquire a company of the same
name incorporated in Mich. on Mar. 13, 1963
1963 as Mid-States Broadcasting Corp. Pres-
ent name adopted July 1, 1965.

Co. first entered broadcasting business and
at one time owned a television station, four
AM stations & four FM stations. Beginning
in 1964 with acquisition of its first daily
newspaper and in 1966 with first sale of a
radio station, Co. today owns no broadcast
properties and is totally in newspaper and
printing business.

In Jan. 1971, sold Ingham County News

for \$200,000.

In Sept., 1971, sold investment in Panax of
Ypsilanti, Inc. (The Ypsilanti Press) for \$1-
723,326.

In Nov., 1971 acquired Macomb Publishing
Co. for 1,250,001 com. shs. and Wyandotte
News Co. for 425,000 com. shs.

In July 1972, acquired Keystone Printing
and Wayne Graphics for 70,000 com. shs.

In Oct. 1972 acquired Calumet Publishing
Co. for 224,977 com. shs. (now Panax Publish-
ing Co.).

In Jan. 1973, acquired Eastside Shopper,
Inc.

On May 14, 1973, acquired Miami Beach
Times.

On Dec. 27, 1973, formed printing corpora-
tion in Rep. of South Africa.

On Dec. 31, 1973, acquired Dearborn press.

In Feb. 1976 acquired Copper Shopper, a
publication which serves Houghton, Kewee-
naw, and Baraga Counties, Mich. (name
changed to Copper Nugget).

In Nov. 1976 acquired the Dearborn Guide
for cash. Subsequently merged with Dear-
born Press to form Dearborn Press and
Guide.

In Dec. 1976 acquired Miami Beach Sun-
Reporter and Thursday Sun-Reporter for
cash.

Proposed Acquisition: In Apr. 1977 Co. en-
tered into an agreement in principle to ac-
quire Glove-Advertiser publications, Wash-
ington, D. C. Included in transaction are
assets of Fairfax Publishing Co. and Free
State Publishing Co.

Business: Co. is principally engaged in pub-
lication of daily and weekly newspapers in
Michigan, Illinois, Indiana and Florida. Co.
also operates commercial printing, typeset-
ting and composing businesses in five loca-
tions in United States. A commercial printing
and composing business in Republic of South
Africa started production in early 1975. One
subsidiary of Co. is engaged in printing ma-
chinery sales, service and supply business,
and another handles advertising and pro-
motion activities for shopping centers.

Property: Owns offset printing plant in
Mason, Mich.

Subsidiaries: Panax Publishing Co., Illiana
Advertising Agency, Promotion Management
Associates, American Press, Inc.

Officers

J. P. McGoff, Pres.
N. S. Arbury, Chmn.
Frank Shepherd, Exec. Vice-Pres.
D. H. Layman, Vice-Pres. & Cont.
J. N. Brown, Group Vice-Pres.
Harry Buckel, Vice-Pres.
J. J. Gross, Vice-Pres.
M. N. Heim, Group Vice-Pres.
Ralph Kazianek, Group Vice-Pres.
G. T. Priestap, Treas.
R. A. Jones, Sec.

Directors

J. P. McGoff
N. S. Arbury
M. L. Dow
C. E. Rhodes
J. V. Alberts
H. C. Good
E. O. George
S. M. Cohodas
J. N. Brown
R. L. Refior
Frank Shepherd
R. A. Jones
W. F. Kruger
Lucille McKee
Robert McKee
M. T. McKee

Moody's